

# Industrial Rail Service Fund Grant Application Guidelines FY 2007



**INDIANA DEPARTMENT OF TRANSPORTATION**  
*Driving Indiana's Economic Growth*

### **Background**

The 1982 Indiana Legislature enacted House Enrolled Act No. 1302 establishing the legislation in IC 8-3-1.7 that created the Industrial Rail Service Fund (IRSF). In 1997, the legislature modified the IRSF language to allow grants to be provided to Class II and III railroads. The goal of the program is to assist in the upgrading of Class II & III railroad track conditions to help maintain and increase existing business shipping levels on the rail lines and also to assist with the funding of needed track infrastructure improvements related to specific, significant new business development on the line. More than 18.8 million dollars have been awarded to Indiana railroads through 80 grants since 1999.

### **Eligibility**

Eligible applicants are limited to Class II and Class III railroads or port authorities. These class designations are set by the Surface Transportation Board (STB) and are based upon annual revenues adjusted for inflation.

### **Eligible Activities**

Grants through the Industrial Rail Service Fund program can be used for the rehabilitation of railroad infrastructure or railroad construction. Examples of project types include bridge deck repair, new ties and ballast and excepted track upgrades. Railroads are limited to a grant award that does not exceed 75% of the total cost of the project. Port authorities are limited to a grant award not to exceed 20% of the gross sales use tax receipts deposited in the fiscal year before the fiscal year the grant is made.

### **Application Schedule**

The Rail Office will receive applications in the fall and in the winter for fiscal year 2007 grants. The fall application deadline is November 17, 2006. The top scoring projects will be awarded approximately 70% of the available award balance in December. The remaining 30% of the available balance will be awarded at a second recommendation announcement in early spring. The primary purpose of the second award period is to be able to respond to major job creation opportunities on short line railroads that may arise between October and January. New applications for projects that are associated with significant new job creation may be sent in by January 31.

### **Submit one original and one copy to this address:**

Tom Beck,  
Rail Office Manager  
Indiana Department of Transportation  
100 N. Senate – 9<sup>th</sup> Floor  
Indianapolis, IN 46204-2220

### **Summary of Application Format**

The updated version of the application has five sections: Project Outline, Project Description, Financial Data, Management Information and Economic Development. Each item requested in each section should be submitted. If an application fails to include any requested item, the score for that associated section will be zero. A description and summary of the items to be included in each section of the application is listed in the paragraphs below. The application is also available on-line in the "Railroad Links" section at <http://www.in.gov/dot/modetrans>. Section one, "Project Outline," and Section five, "New Economic Development are fill-in-the-blank forms. Section three, "Financial Data" should be submitted in a separate envelope marked "CONFIDENTIAL." **Do not** submit the application in a three-ring binder.

#### Section I. – Project Outline.

The project outline includes contact information, 286K pound capacity of rail line, track classification on proposed project segment, project type, total track miles, number of shippers, commodities shipped, proximity to an intermodal facility and total number of Indiana businesses served. The information can be typed in on the project outline contained at the end of this packet or completed online and then printed. This form can be retyped, provided it is reproduced exactly as it appears in this packet.

#### Section II. – Project Description

The project description requires the applicant to prepare a short narrative, a milepost by milepost project breakdown and a budget. Part one requires you to provide a brief explanation of the purpose of the project, and how service to customers will be improved once the project is completed. Part two requires you to provide a description of the proposed project by milepost. Part three requires submission of a detailed project budget that includes each proposed item for purchase and its cost, the total project cost, the railroad contribution and requested INDOT contribution. Part three will be incorporated into the agreement as the "Project Scope" Exhibit.

#### Section III. – Financial Data

This section requests these six financial documents:

1. A description of current outstanding loans, including amounts, lender, debt period, and remaining principal balances.
2. An **audited** financial statement, including balance sheet and income statement for the past three (3) years.
3. A proforma balance sheet and income statement at the time the application is submitted
4. A list of the four largest stockholders of your company, and their percentage owned
5. A summary of railroad expenditures during the previous fiscal year indicating dollar amount spent on routine track maintenance (excluding IRSF match funds)
6. Total officer and employee salaries

#### Section IV. - Management Information

Please provide an organizational chart showing the management structure for your railroad.

#### Section V. - Economic Development

This section describes economic development activity related the project. Not all

applications will necessarily involve projects related to new businesses locating or expanding on the rail line. An application can receive points based on the number of new jobs brought to the community. INDOT will contact the Indiana Economic Development Corporation to obtain verification of the new business and job creation numbers. The maximum grant amount for Class II and III railroads is determined by the number of jobs created. From zero to 200 jobs the maximum grant amount is \$200,000.00; from 201-400 jobs, \$300,000.00; from 401-700 jobs, \$400,000.00; from 701-1,000 jobs, \$500,000.00; from 1,001-1,500 jobs, \$750,000.00 and for more than 1,500 jobs the maximum grant award amount is \$1 million.

Port authorities are limited to an award of \$200,000.00 for a project that includes the creation of less than 200 new jobs and, per IC 8-3-1.7-2(b) up to \$350,000.00 for projects related to businesses creating 200 or more new Indiana jobs. These previously mentioned dollar amounts are maximums and are not guaranteed award amounts.

### **Review Procedures**

The applications will be assessed on these elements: (points are maximum amounts per scoring element)

New Economic Development	60 points
Project Description and Rail Infrastructure	43 points
Existing Economic Indicators	26 points
INDOT's Long-Term Transportation Policy	14 points
Other Considerations	11 points

Railroad projects that support new economic opportunities will receive additional opportunities for increased scoring. Those projects aimed at improving the 286,000 pound capacity of the rail line will also be eligible for higher point totals. Existing economic indicators include the total number of employees of Indiana businesses served by the short line, annual rail cars moved per track mile, county unemployment rate, traffic trend from past 3 years and the financial health of the railroad. INDOT's long term transportation policy includes items as the rail line's access to an intermodal facility and the agricultural production of the counties the line operates through. Other considerations include compliance with filing requests and the amount spent on routine track maintenance.

### **Grant Monitoring**

INDOT will monitor all aspects of the program. The State of Indiana encourages the use of minority owned business enterprises (mbe) and women owned business enterprises (wbe) participation on state funded grants when possible. INDOT may, at its discretion, conduct scheduled or unscheduled site compliance reviews during or after the work is initiated for the approved project.

Applicants receiving a grant are required to retain work and material reports for two years after completion of the project. The applicant is required to provide INDOT with any and all project related reports which INDOT requests.